

# **Principles for Software Innovation**

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## About BSA

- Founded in 1988
- Presence in 70+ countries worldwide
- Non-profit
- Represents world's leading developers of software, hardware and Internet technologies

# BSA Members



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# IT and EU Competitiveness

- EU IT industry (IDC):
  - 2.5 million workers
  - 365,000 business
  - 311 billion yearly revenues
  - 268 billion yearly tax revenues
- IT and in particular software among the fastest growing industries (30 to 38% from 2004 to 2009, according to IDC)
- Companies using more IT on average have higher productivity growth (e.g. MIT study, OECD)
- Government modernisation through combination of IT and organisational change (e.g. Net Impact Study, eGov Best Practice Framework)

# Benchmarking of I2010 – 2nd pillar

## **R&D: the situation in 2004**

- o the EU is devoting less resources than the US on R&D (2004): 1.9% against 2.7% of the GDP
- o the US effort in R&D is more focused on the ICT sector: 35% of the total R&D, against 25% in the EU

## **Investments in ICT**

- o ICT investments are in EU less than in the US: 2.4% against 4.2% (1995-2004)

Source: Luca Protti, Unit C1- “Lisbon Strategy and eEurope”, DG Information Society and Media, European Commission, presentation on “Benchmarking of i2010” at eChallenges conference, Barcelona, 27 October 2006

# Benchmarking of I2010 – 2nd pillar

## **ICTs Impact on productivity**

- o through the innovation stemming from the ICT sector and the investments in ICTs by the whole economy
- o ICTs drove a 0.5% productivity gain in the EU (40% of the total), between 2000 and 2004
- o but contribution is lower than in the US
- o US businesses are also better in reaping benefits from ICT investments

Source: Luca Protti, Unit C1- “Lisbon Strategy and eEurope”, DG Information Society and Media, European Commission, presentation on “Benchmarking of i2010” at eChallenges conference, Barcelona, 27 October 2006

## IT and EU Competitiveness (cont.)

- US widens gap with EU on R&D (UK DTI R&D Scoreboard, October 2006)
- 2005 corporate R&D spending in US increased by 8.2% compared with 5.8% in Europe
- Gap is even more striking when comparing 2005/2006 R&D spending with average spent over 4 previous years: 5.6% for Europe vs. 15.4% for US
- Companies that increased R&D spending in the face of declining sales have done much better than companies that cut R&D
- At global level, software and computer services companies among the top 1,250 increased their R&D investments by 16.9% since 2001/2002



## i2010 Priorities

- Creating a single European information space
- **Strengthening innovation and investment in ICT**
- Achieving an inclusive European Information Society

# Principles for Software Innovation

- Governments should select software on its merits, not simply the model of its development
- Ensure that government funded research is available to all and allows commercialisation in products and services
- Promote voluntary, industry-led standards
- Maintain strong intellectual property protection consistent with the principles of neutrality

“The role of the private sector is to...continually develop new products and improve skills to obtain new competitive advantage and profitability in global markets. The corresponding role of public authorities would be to assist this process, through ensuring optimal framework conditions for private firms to conduct R&D and improve their innovative performance, providing a range of incentives to increase private investment in research and innovation; ensuring the intellectual protection of new ideas, and facilitating the development of a skilled and healthy workforce.”

**Commission Staff Working Document "Implementing the Community Lisbon Programme: A Policy Framework to Strengthen EU Manufacturing - towards a more integrated approach for EU Industrial Policy" - SEC(2005), page 11**